

MEMORANDUM

TO: Owners of Low Income Housing Tax Credit (LIHTC) Projects

FROM: Glenda M. Gaumer, Senior Housing Compliance Specialist

SUBJECT: 2005 Initial/Annual Compliance Monitoring Reports

DATE: December 20, 2005

Federal regulations require that you submit to the Iowa Finance Authority (IFA) on an annual basis, information to enable IFA to monitor LIHTC projects for compliance with provisions of Section 42 of the Internal Revenue Code of 1986, as amended, and its implementing regulations. Failure to submit the required information by the date due is considered a noncompliance and will be reported to the Internal Revenue Service via Form 8823.

If the first taxable year for your project was 2005, the **ORIGINAL SIGNED Owner's Initial Certification of Program Compliance and Building Status Report** must be received at the IFA on or before **April 1, 2006**. **You are required to submit to the IFA a copy of IRS Form 8609 and Schedule A for the first taxable year the tax credits are claimed on each building. A copy, for each building, must have Part II completed and must be signed and dated by the owner or authorized owner representative.** If you are opting to take credits in the following year, submit **ONLY** an **ORIGINAL SIGNED Owners Certificate with the appropriate box checked and signed by owner or authorized owner representative.** **Do not answer questions 1 – 15 as they would not apply.**

- | |
|--|
| <input type="checkbox"/> No buildings have been Placed in Service |
| <input type="checkbox"/> At least one building has been Placed in Service but owner elects to begin credit period in the following year. |

If either of the above applies, please check the appropriate line, and proceed to page 2 to sign and date this form.

For all other projects, the **ORIGINAL SIGNED Owner's Certification of Continuing Program Compliance with questions 1 – 16 answered and signed by the Owner or authorized Owner representative, IRS Form 8586, and the Building Status Report** must be received at the IFA on or before **March 1, 2006**.

An LIHTC form 004, "Utility Allowance Documentation", must be completed at least once a year or whenever an update is necessary (See IRS Regulation 1.42-10 Utility Allowances). **Submit LIHTC form 004 and current supporting documentation from the Utility Allowance provider** (i.e. Rural Dev., Public Housing Authority) that determines the allowance used for this reporting period, with the appropriate Annual Compliance Report (Initial or Annual). The LIHTC form 004 is enclosed.

IFA is REQUIRING that a copy of the Year End Bank Statement for Replacement Reserve dedicated to the project (if applicable), Year End Bank Statement or Letter of Credit for Operating Reserve dedicated to the project (if applicable) and a copy of the Annual Fire Safety Inspection for this reporting year for each building in the project (i.e. copy of the billing statement from a qualified inspector or business or copy of the work order signed and dated by a qualified inspector) **be submitted as part of the Annual Compliance packet.**

There has been a change to the Owners Certification of Compliance form that will require you submit the online form online, but you must have the owner sign the form that is included with this memo and return it to IFA with the packet. DO NOT send the form from the online system or any other version as this will be considered an incomplete packet.

IFA must receive **ALL** the required documentation by the due date for the packet to be considered complete. If any of the required documents listed above are not submitted, it will be considered an incomplete packet and a non-corrected 8823 will be issued and will only be corrected once **ALL** required documents have been received at IFA.

Should you have any questions, please contact Lisa Strait, Tax Credit Analyst at: (515) 281-7369, Toll free at 800-432-7230, E-mail lisa.strait@iowa.gov